

Question on Notice

No. 1862

Asked on Tuesday 24 November 2009

MR HOBBS asked the Minister for Local Government and Aboriginal and Torres Strait Islander Partnerships (MS BOYLE)–

QUESTION:

With reference to the review of the State Government Financial Aid Program in March 2008–

- (1) When will the department release the findings of this review?
- (2) What formula was used to determine funding to Aboriginal shire and Island coordinating councils and what increases have been provided to these recurrent grants over the last five years?

ANSWER:

I thank the Member for Warrego for his question. I am happy to advise that I sent a copy of the State Government Financial Aid Program review report undertaken by Deloitte to each Aboriginal Shire and Indigenous Regional Council on 29 October 2009.

The formula to identify both the overall State Government Financial Aid funding requirement and its distribution to each Indigenous Council is identification of:

- recurrent expenditure necessary to provide municipal services at an average standard no less than that enjoyed by the wider Queensland community;
- own-source revenue raising capacity of each Indigenous Council to contribute to the costs of municipal services through levies, fees and charges;
- other grants income including the Local Government Grants Commissions' Financial Assistance Grants and various other specific purpose grants such as the Environmental Health Worker Program, Road and Drainage Grants, Animal Management Grants and the Commonwealth's Municipal Services Funding; and
- other direct funding arrangements for municipal services, for example, the Torres Strait Island Regional Council's Water Operations and Maintenance Grant and the Northern Peninsula Area Water Supply contract with Sunwater.

The State Government Financial Aid funding requirement is then determined by subtracting all revenue sources including municipal service grants and own source revenue from the identified municipal services expenditure need.

Municipal services for the purposes of calculating the State Government Financial Aid are:

- water supply, waste water disposal and solid waste management;
- roads, drainage and other transport infrastructure;
- environmental health, parks, gardens and sporting facilities;
- community safety;
- environmental management and planning; and
- administrative and related services necessary to perform the Local Government role.

To determine the recurrent expenditure need for municipal services the Department of Infrastructure and Planning relies upon a number of data sources including:

- Local Government Grants Commission estimates for general administration and services such as roads, drainage, environmental health, sport and recreation, parks and gardens;
- benchmarked costs from each Indigenous Council's Total Management Plan and Strategic Asset Management Plan for the operations and maintenance of water and sewerage infrastructure; and
- an estimate of operational costs for transport services based on a review of both the Total Management Plan figures and the Local Government Grants Commission data for other Councils.

To summarise, the expenditure need for water and sewerage is based on actual costs and the expenditure need for the remainder of services use the same methodology as used by the Local Government Grants Commission.

As far as increases to recurrent grants are concerned , the following table clearly shows the increases in both State Government Financial Aid and the Federal Government's Financial Assistance Grant programs.

	2005-06 \$	2006-07 \$	2007-08 \$	2008-09 \$	2009-10 \$
State Government Financial Aid (State)	23 563 000	27 919 245	29 640 000	30 640 000	31 680 000
Financial Assistance Grants (Commonwealth)	13 295 038	13 567 724	14 368 084	17 536 551	18 092 811
Total	36 858 038	41 486 969	44 008 084	48 176 551	49 772 811